Doc # 4878

5A.

MEMORANDUM April 9, 1987

TO: BOSTON REDEVELOPMENT AUTHORITY AND
STEPHEN COYLE, DIRECTOR

FROM: RICARDO MILLETT, ASSISTANT DIRECTOR,
MUHAMMAD ABDUS-SABUR, DEPUTY DIRECTOR AND
MARIA FARIA, SOUTH END PROJECT COORDINATOR.

SUBJECT: SOUTH END URBAN RENEWAL AREA PROJECT NO. MASS. R-56
REQUEST AUTHORIZATION TO GRANT A LOAN TO BOSTON AGING CONCERNS YOUNG AND OLD UNITED, INC. UNDER THE VOLUNTARY CONTRIBUTIONS FROM THE COMMERCIAL DEVELOPERS FOR 35-36 WEST NEWTON STREET.

On November 7, 1985, Boston Aging Concerns Young and Old United, Inc. (BAC/YOU) was tentatively designated as redeveloper of Re-use Parcel SE-105, located at 35-36 West Newton Street in the South End Urban Renewal Area, Project No. Mass. R-56. The parcel consists of two contiguous four and one-half story brownstone buildings at the corner of West Newton Street and Washington Street.

The original proposal submitted by BAC/YOU called for the development of the two contiguous brownstone buildings into two self-contained apartments and twenty-eight shared room occupancy units to serve primarily low-and moderate-income elderly individuals. In addition, the project was to provide professional office space of approximately 2,800 square feet intended for BAC/YOU.

On September 9, 1986, the Authority authorized the Director to enter into a Grant Contract for $125,000 with BAC/YOU for the construction of a passenger elevator in connection with the rehabilitation of 35-36 West Newton Street. The grant was authorized subject to firm financial commitments and the actual start of the rehabilitation work.

In an effort to increase the single room occupancy housing which is needed in the city and to finance this project within the stated goals, BAC/YOU has revised its plans to include thirty-one shared room-occupancy units and two apartments. In addition, the project will maintain 1600 square feet of office space intended for BAC/YOU.

The total development cost for the revised proposal has been estimated at $1,821,209.00. BAC/YOU has firm financial commitments from the Boston Community Loan Fund of $150,000.00; and from the Public Facilities Department's Home Loan Program for a low-interest loan of $300,000.00 through the Loans to Encourage Neighborhood Development (LEND) Program. In addition, First American Bank for Savings is intending to commit to $716,352.00. The remaining financing is through grants in an amount of $388,857.00 and BAC/YOU will commit $176,000.00 to the project.

Loan Agreement
Doc. # 4878
4/9/87
Get from B

In order that BAC/YOU may proceed with the rehabilitation of these two buildings this year and not jeopardize the financing of the project, BAC/YOU has requested a loan in an amount not to exceed ninety thousand dollars ($90,000.00) under the voluntary contributions from commercial developers for the 35-36 West Newton Street development. The loan will be used for the purpose of restoring the masonry and brownstone and performing demolition work.

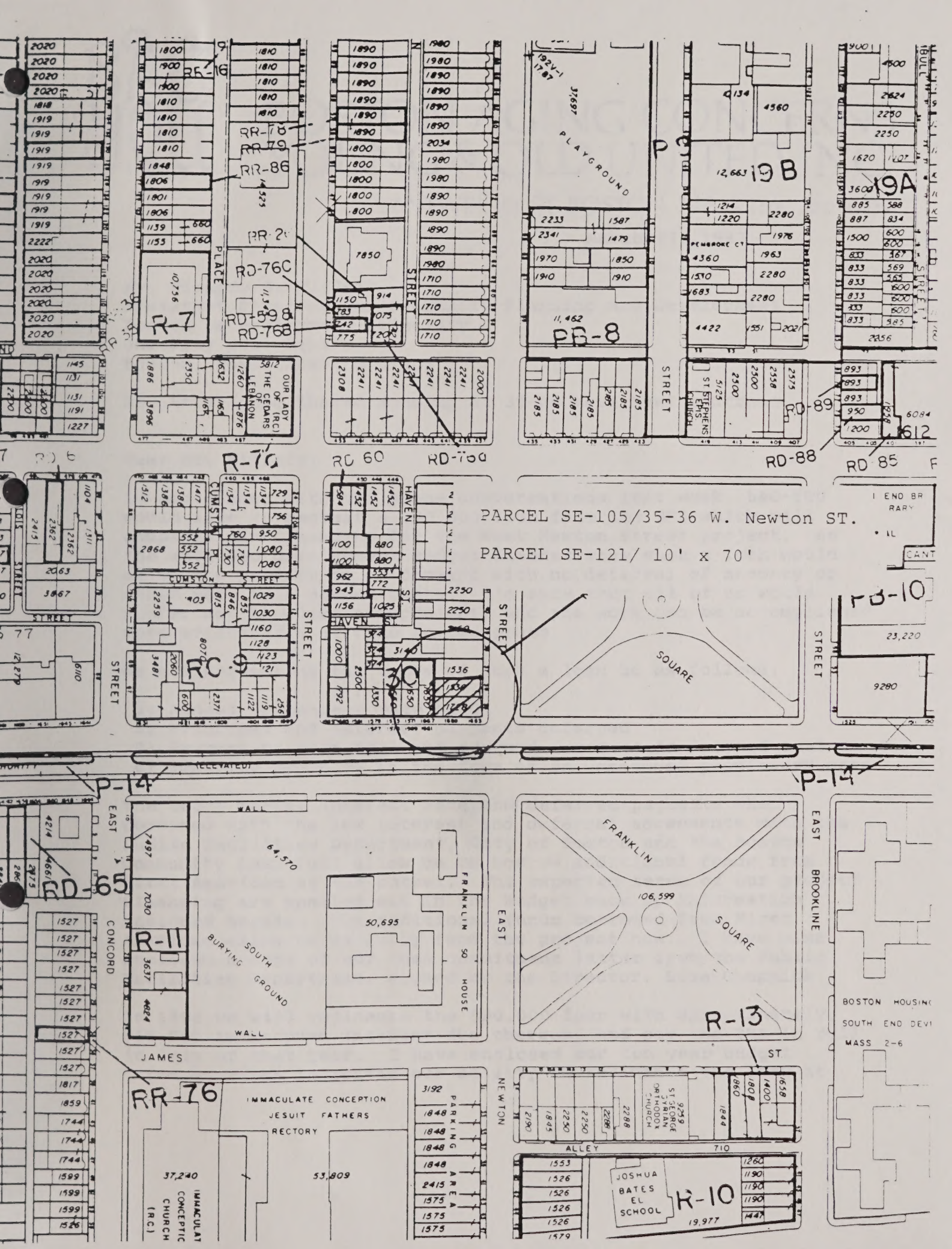
The terms of the loan shall include an annual interest percentage rate of 3% with principal and interest payments deferred. BAC/YOU has agreed to payback principal and accrued interest in July of 1992. However, there is to be no penalty for pre-payment. The loan would be in the form of an unsecured promisory note. This loan is contingent upon BAC/YOU receiving the other firm financial commitments and receiving final designation.

Approval of this $90,000 loan would complete the necessary financing for 35-36 West Newton Street.

It is, therefore, recommended that the Authority commit to providing Boston Aging Concerns Young and Old United a loan in an amount not to exceed ninity thousand dollars ($90,000.00) under the voluntary contributions from commercial developers for the purpose of restoring the masonry and brownstone and performing demolition work at 35-36 West Newton Street.

An appropriate vote follows:

> That the Director be, and hereby is, authorized to execute an agreement in the name and on behalf of the Authority to loan to Boston Aging Concerns Young and Old United, Inc. from voluntary contributions from commercial developers for purposes such as this in an amount not to exceed ninety thousand dollars ($90,000) for 35-36 West Newton Street development in the South End Urban Renewal area to restore the masonry and brownstone and to perform demolition work, Also that a policy be formulated for submission to the Board prior to any further advancements of this type; and to increase the interest rate to 4%.


PARCEL SE-105/35-36 W. Newton ST.
PARCEL SE-121/ 10' x 70'
R-7
R-7C
RC 60
RD-76C
RD-76B
RD-76A
RR-76
RR-79
RR-86
RR-2
PB-8
RD-89
RD-88
RD 85
RC-5
R-11
RD-65
R-13
R-10
RR-76
PLAYGROUND
SQUARE
FRANKLIN
SOUTH BURYING GROUND
FRANKLIN SQ HOUSE
IMMACULATE CONCEPTION
JESUIT FATHERS
RECTORY
JOSHUA BATES EL SCHOOL
OUR LADY OF THE CEDARS (RC) LEBANON
ST STEPHENS EPIS CHURCH
PEMBROKE CT
CUMSTON PL
HAVEN PL
PARKING AREA
BOSTON HOUSING
SOUTH END DEVT
MASS 2-6
P-14
P-14
P-13
P-10
P-9
P-8
P-7
P-6
P-5
P-4
P-3
P-2
P-1
ELEVATED
WALL
JAMES
ST
ALLEY
710
64,570
50,695
106,599
37,240
53,809
19,977
23,220
9280
12,663
11,462
10,736
19B
19A

BAC YOU INC.

BOSTON AGING CONCERNS YOUNG & OLD UNITED, INC.

67 NEWBURY ST. BOSTON, MA 02116 266-2257

March 27, 1987

Mr. Ricardo A. Millett
Assistant Director for Community Planning and Development
Boston Redevelopment Authority
One City Hall Square
Boston, Massachusetts 02201

Re: Affordable Shared Housing at 35-36 West Newton Street

Dear Mr. Millett:

In accordance with our phone conversations last week, BAC-YOU would like to request a $90,000 loan from the BRA which will complete our financing for the West Newton Street project. As the enclosed development budget dmeonstrates such a loan would allow the project to go forward with no deferral of masonry or other work to a second phase. I'm sure that all of us would prefer not to phase the project, and the work can be accomplished more efficiently if done in one phase.

We are requesting the terms of such a loan be as follows:

1) Annual percentage rate of 3%
2) Principal and interest payments deferred
3) Payback of principal and accrued interest in July of 1992
4) Security would be in the form of an unsecured promissory note

The below market interest rate and deferred payments when combined with the low interest and deferral agreements with the Public Facilities Department, City of Boston and the Boston Community Loan Fund allow us to borrow additional funds from First American at the outset. The expected terms of our project financing are spelled out in the budget back up information enclosed herein. The additional funds borrowed from First American allow us to fully fund the project now. I have also enclosed a copy of our loan commitment letter from the Public Facilities Department, signed by the Director, Lisa Chapnick.

In 1992 we will refinance the $90,000 loan with approximately, $15,000 in accrued interest due thereon, and pay the BRA in full in July of that year. I have enclosed our ten year budget forecast which indicates our ability to refinance the loan at

that time. The assumptions on this forecast are a 5% annual increase in revenue and expenses. We would like our loan agreement with the BRA to be written in such a way that there is no penalty for pre-payment. In the event that we are more successful with continued fundraising than our current projections, we would like to have the option of early payment. BAC-YOU will continue its fundraising from charitable sources in order to pay itself back the $176,000 loan which we are committing to the project.

We look forward to hearing from you regarding this proposal. We are also awaiting the BRA's suggested purchase price and would like to see a draft of the Land Disposition Agreement as soon as possible.

We appreciated your effort to get this project before the BRA Board on March 26th. Since we were unable to get on that agenda we are expecting to be on the BRA Boards' agenda at its next meeting, scheduled for April 9th. Please advise me at your earliest convenience if you see any problem with being considered at your meeting on the 9th. Our contractor is eager to begin and he committed himself to his prices and this project only until March 20th. He understands that we expect to be on the BRA Board agenda on the 9th, but a further delay would jeopardize our agreement with him. Please advise me of any further information required from BAC-YOU at this point.

As always we appreciate your continued efforts to work with us to create this affordable housing option in the South End.

Sincerely yours,

Brad Day, Coordinator, Shared Housing Development

enclosures

cc: Maria Faria, South End Project Coordinator, BRA
Suzanne S. Edwards, Board of Directors, BAC-YOU
Paul Brown, Housing Development Committee, BAC-YOU
John Stainton, West Newton St. Task Force, BAC-YOU
Katharine A. Bachman, Corporate Counsel, BAC-YOU
Joanne R. Potter, Development Coordinator, BAC-YOU
Gabriella Halmi, Project Coordinator, BAC-YOU

35-36 West Newton Street
BUDGET PROJECTIONS: FY 1988 - FY 1996
(March 25, 1987)

Grant total:	388857	
Loans: First American	716352	(9%/30yrs)
PFD	300000	(4%/30yrs/defer1/91;no interest accrual)
BCLF	150000	(6%/30yrs/FY92:1/92takeout)
BRA	90000	(3%deferFY92:7/92takeout; $15K accrued interest)
BAC-YOU	176000	(5%deferFY89payback)
Development Budget Total:	1821209	Takeout terms: 9%/30yrs

INCOME	(1/1-6/30) 1988	1989	1990	1991	1992	1993	1994	1995	1996	1996	1996
RESIDENT RENT	65560	165210	173470	182144	191251	200814	210854	221397	232467	244090	256295
OFFICE RENT	5634	11831	12423	13044	13696	14381	15100	15855	16648	17480	18354
INTEREST	300	700	700	700	700	700	700	700	700	700	700
GRANTS	0	0	0	0	0	0	0	0	0	0	0
LOANS	0	0	0	0	0	0	0	0	0	0	0
OTHER	125	250	250	250	250	250	250	250	250	250	250
TOTAL INCOME	71618	177991	186843	196138	205897	216145	226905	238202	250065	262521	275599
DISBURSEMENTS											
PERSONNEL	8112	12776	13415	14086	14790	15530	16306	17122	17978	18877	19820
ADMINISTRATION	4272	10622	11154	11711	12297	12912	13557	14235	14947	15694	16479
PROF. FEES	3605	5678	5962	6260	6573	6902	7247	7610	7990	8390	8809
SERVICE CHARGES	259	272	286	300	315	331	347	364	383	402	422
INSURANCE	4000	8400	8820	9261	9724	10210	10721	11257	11820	12411	13031
PROP. TAX	5289	11107	11662	12245	12858	13501	14176	14884	15629	16410	17230
FUEL OIL/GAS	2950	6195	6505	6830	7171	7530	7907	8302	8717	9153	9610
ELECTRICITY	4850	10185	10694	11229	11790	12380	12999	13649	14331	15048	15800
WATER/SEWER	1492	3291	3455	3628	3809	4000	4200	4410	4630	4862	5105
TELEPHONE	240	504	529	556	583	613	643	675	709	745	782
MAINTENANCE	2848	7082	7436	7808	8198	8608	9038	9490	9965	10463	10986
JANITORIAL	1950	4095	4300	4515	4740	4977	5226	5488	5762	6050	6353
HSE. SUPPLIES	930	1953	2051	2153	2261	2374	2493	2617	2748	2885	3030
CAPITAL RESERVE	2848	7082	7436	7808	8198	8608	9038	9490	9965	10463	10986
CAPITAL PROJECTS	0	0	0	0	0	0	0	0	0	0	0
RESIDENT FUND	198	416	437	458	481	505	531	557	585	614	645
TOTAL DISBURSEMENT	43843	89658	94141	98848	103790	108980	114429	120150	126158	132466	139089
SURPLUS(DEFICIT)	27776	88333	92703	97290	102107	107165	112476	118052	123907	130055	136510
Debt service/repay	39978	79956	79956	88550	98991	110979	110979	110979	110979	110979	110979
NET	-12202	8377	12747	8741	3116	-3814	1497	7073	12928	19076	25531
Debt Coverage	(.31)	.10	.16	.10	.03	(.03)	.01	.06	.12	.17	.23